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## **Moody's raises rating of BPA-backed bonds to Triple-A; Cites actions by BPA to cut costs, maintain cash reserves**

**PORTLAND, Ore.** – Moody's Investors Service today upgraded Energy Northwest bonds and all other nonfederal debt backed by the Bonneville Power Administration to Aaa, the highest rating. Moody's attributed the improvement to "effective BPA financial management under stress" and the federal agency's leading role in the Northwest power system.

BPA currently backs \$5.9 billion in bonds issued by Energy Northwest (ENW) for construction of nuclear generating projects in the Northwest. ENW owns and operates the Columbia Generating Station at Hanford. Moody's said this arrangement remains durable through market stresses over 20 years. BPA and ENW have refinanced many bonds at lower rates over the last fifteen years.

Moody's also cited BPA's status as an agency of the U.S. Department of Energy as a source of security for the bonds. BPA borrows money directly from the U.S. Treasury and has faithfully repaid this debt with interest for more than 20 years.

"BPA has several sources of liquidity which provide it with a substantial cushion in a worst case power market environment," Moody's said.

BPA's established record of full cost recovery from its business operations and rates, along with the increasing economic advantage of the low-cost federal hydro system relative to other fuels and BPA's major role as a transmission operator all influenced the improved rating, Moody's said.

Moody's stated: "Significant financial improvement in 2002 and 2003 were the result of expenditure reductions, a debt optimization plan and significant rate hikes and the combined effect of improving water conditions and less wholesale market price volatility."

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